

THE COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION  
**DEPARTMENT OF  
TELECOMMUNICATIONS & ENERGY**

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January 14, 2005

SENT BY E-Mail, and  
First Class U.S. Mail

Patricia French, Esq.  
Bay State Gas Company  
300 Friberg Parkway  
Westborough, MA 01581-5039

Re: Bay State Gas Company, D.T.E. 04-93

Dear Ms. French:

Enclosed is the first set of information requests by the Department of Telecommunications and Energy to Bay State Gas Company regarding the above-captioned matter. Please submit copies of the Company's responses to the information requests to the Department by 5:00 p.m., January 21, 2005.

Should you have any questions please contact me at (617) 305-3762. Thank you for your prompt attention to this matter.

Sincerely,

Jody Stiefel  
Hearing Officer

Enc.  
cc: Service List  
Mary Cottrell, Secretary

FIRST SET OF INFORMATION REQUEST OF  
THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO  
BAY STATE GAS COMPANY

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Pursuant to 220 C.M.R. 1.06(6)(c), the Department of Telecommunications and Energy ("Department") hereby submits to Bay State Gas Company ("Bay State" or "Company") the following information request(s) with respect to the Company's Filing ("Filing") regarding Recovery of Exogenous Costs Associated with Lost Base Revenues ("LBR") resulting from the Company's demand-side management ("DSM") Programs for the twelve-month period ending August 2004.

**INSTRUCTIONS**

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Company in this proceeding.

1. Each request should be answered in writing on a separate, three-hole punch page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
2. Do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
3. These requests shall be deemed continuing so as to require further supplemental responses if the Company or its witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term "provide complete and detailed documentation" means:

Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting work-papers.

5. The term "document" is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.
6. If any one of these requests is ambiguous, notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
7. Please serve a copy of the responses on Mary Cottrell, Secretary of the Department, one copy to the Service List, and three copies of the responses to Jody M. Stiefel, Hearing Officer.

**Requests**

- D.T.E. 1-1 Please refer to Exhibit BSG-1, at 5 and to Attachment B of the Company's filing. Is Bay State seeking to recover the accumulated interest (carrying cost) of \$83,055, in addition to the \$2,437,286 that the Company is seeking to recover as LBR in this filing?
- D.T.E. 1-2 Please refer to Attachment A of the Company's filing.
- (a) Calculate Bay State's return on equity (ROE) for the twelve months ended December 31, 2004.
  - (b) Calculate the variance between the Company's allowed return on equity for the years 1995 to 2004 and the ROE realized by the Company during these years.
  - (c) Calculate Bay State's average return on equity for the twelve months ended December 31, 2003 and the twelve months ended December 31, 2004.
  - (d) Provide copies of the relevant pages of Bay State's Annual Return used in the calculation of the Company's 2003 and 2004 return on equity.
- D.T.E. 1-3 Please refer to Attachment A of the Company's filing. Recalculate Bay State's ROE for 2003 and 2004 to exclude the \$2,437,286 which the Company is seeking to recover in this filing. Use the same format as in Attachment A to present your results.
- D.T.E. 1-4 Please refer to Exhibit BSG-1, at 14. What proportion of the DSM measures installed by the Company have expired and have been excluded from the calculation of the LBR?
- D.T.E. 1-5. Please refer to Attachment H of the Company's filing.
- (a) Indicate the realization rates for the measures included in the LBR calculation. What do these rates mean?
  - (b) Indicate the average life span of each DSM measure included in the LBR calculation, and explain how the average life span for each measure was determined.
- D.T.E. 1-6. Please refer to Attachment B of the Company's filing. Show whether the DSM measures included in the LBR calculation for the Residential Heating, Residential Non-Heating, Multi-family and Commercial and Industrial ("C&I") programs are still cost-effective.

- D.T.E. 1-7 Please refer to Exhibit BSG-1, at 5. Has Bay State recovered any portion of the \$2,437,286 which the Company is seeking to recover in this filing?
- D.T.E. 1-8 Please refer to Attachments F and H the Company's filing.
- (a) Describe in greater detail the engineering and/or other methods used by the Company to estimate the total energy savings for Residential Heating, Residential Non-Heating, Multi-family, and C&I programs.
  - (b) State whether Bay State used energy auditing vendors to determine the energy savings associated with the Company's DSM programs. Provide a list of any such vendors and explain how the energy auditing vendors were selected.
  - (c) Explain the method used by the energy auditing vendors to calculate the energy savings associated with the Company's DSM programs;
  - (d) Explain whether there has been an independent or third-party evaluation of the methods used by the energy auditing vendors to calculate the energy savings associated with the Company's DSM programs regarding the accuracy and reliability of these methods.
- D.T.E. 1-9. Please refer to Attachments F and H of the Company's filing. Explain how Bay State accounted for energy savings realized by customers other than those attributed to the Company's DSM program in the calculation of net energy savings and LBR.
- D.T.E. 1-10. Please refer to Schedule BSG-4 of the Company's filing. Provide any available assessment of the Company's Residential, Multi-Family and C&I DSM programs with regard to the following since the inception of Bay State's DSM program:
- (a) overall customer satisfaction and customer complains;
  - (b) total bill savings;
  - (c) improved customer operations;
  - (d) lowered maintenance costs.
- D.T.E. 1-11 Please refer to Attachments B, F and H of the Company's filing. Discuss whether there have been any problems with the proper installation and maintenance of the Company's DSM measures to date, and the steps that the Company has taken to address these problems. How will any such problems affect the energy savings estimates presented in this filing?

- D.T.E. 1-12. Refer to Attachments B, F and H of the Company's filing. Discuss whether the Company has, or intends to conduct, a full or limited (i.e., based on a small representative sample of customers) energy and bill savings analyses for its Residential, Multi-Family and C&I DSM programs, since the inception of these programs, to validate the energy savings estimates and the assumptions behind the estimates that are presented in this filing. If not, explain why?
- D.T.E. 1-13 Refer to Exhibit BSG-1, at 8-9. Will the non-recovery of the proposed exogenous costs will significantly affected the Company's operations? Explain.